

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

AMB FINANCIAL CORPORATION

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|--------------------------------|------------------|--|---------|
| Point of Contact: | STEVEN A BOHN | RSSD: (For Bank Holding Companies) | 3848267 |
| UST Sequence Number: | 515 | Docket Number: (For Thrift Holding Companies) | H2228 |
| CPP/CDCI Funds Received: | 3,674,000 | FDIC Certificate Number: (For Depository Institutions) | 29878 |
| CPP/CDCI Funds Repaid to Date: | | Credit Union Charter Number: (For Credit Unions) | |
| Date Funded (first funding): | January 30, 2009 | City: | MUNSTER |
| Date Repaid ¹ : | N/A | State: | Indiana |

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

TARP funds have allowed us to maintain our institution's lending practices and remain an active participant in our local markets at a time when the difficult economic and regulatory environments would otherwise have made it difficult to lend.

☐ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☒ Increase reserves for non-performing assets.

The CPP funding helped offset the negative impact of higher reserves allowing the Bank to have sufficient resources to continue lending.

☒ Reduce borrowings.

The subsidiary bank was able to reduce borrowings by \$10.6 million. Schedule SC/OTS TFR.

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☒ **Increase charge-offs.**

Charge-offs remained relatively unchanged at \$1.1 million for 2010. Schedule VA/OTS TFR.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☒ **Held as non-leveraged increase to total capital.**

The holding company infused \$2.7 million in capital to the subsidiary bank in 2009. At 12/31/2010 the subsidiary bank's core and risk-based capital ratios were 9.12% and 14.64% respectively (excluding the \$2.7 million, the same ratios would have declined to 7.63% and 12.40%). CCR/OTS TFR.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Although at 12-31-2010, the subsidiary bank would still be considered "well capitalized" without the 2009 \$2.7 million capital infusion from the holding company, this infusion of CPP funds assured the subsidiary bank the flexibility to continue lending as compared to the possibility of shrinking the balance sheet in order to maintain capital levels in line with regulatory expectations during these difficult economic times. The receipt of the CPP funds has allowed the Company to avoid the possibility of raising additional common equity during a time when the capital markets are not very receptive to smaller bank holding companies such as ourselves.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The capital infusion allowed us to continue to serve the credit needs in the communities in which we operate.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

There were no other actions that the institution was able to undertake because it had CPP funds.